

# THE 2007 *BUSINESS FACILITIES* (magazine) RANKINGS REPORT

## BUSINESS CLIMATE

### Montana ranked #1

You'd be hard pressed to find a location that doesn't use an adjective like "great" or "top-notch" to modify the words "business climate" when describing itself to potential companies. So what makes a business climate great? Compared to the factors that contribute to quality of life, the variables that define a business climate are substantially less ambiguous. Our business climate ranking gets at the heart of what makes a location good for business: business costs, economic climate, and labor force. We also feel that quality of life—difficult as it is to measure—has a role in defining business climate. That's why we incorporated the results from our Quality of Life ranking into this ranking.

The following is how the Business Climate ranking was composed: In order to measure economic climate we looked at per capita GDP in 2005; change in per capita GDP, 2001-2005; state business tax climate index, 2007; number of Fortune 500 firms in 2006; rate of new employer firms in 2005; job growth, 2005-2006; and percent of roadways in mediocre or poor condition in 2004.

One component that is used in other business climate rankings, but is intentionally absent from our Business Climate ranking, is financial incentives. We wanted to create a business climate ranking that reveals a state's "core" business climate and utilizes variables that (for the most part) pertain to all companies. Because incentives are only granted on a case-by-case basis, we feel it is more accurate to disregard them here.

Interestingly, four out of the five Rocky Mountain States landed in the top 10, *headed up by Montana, our top business climate for 2007*. Second place South Dakota wasn't far behind though, trailing by fewer than 10 points (not much considering that the scores from which the ranks were calculated varied by the hundreds). Low labor costs, a significant increase in per capita GDP, a favorable state business tax climate, and prodigious job growth were among some of the things that helped Montana take the number one spot this year.

Also in article:

## **MANUFACTURING MOMENTUM**

**Montana ranked 15th**

## **BUSINESS TAX CLIMATE**

**Montana ranked 8<sup>th</sup>**

## **COST OF LABOR**

**Montana ranked 2nd**